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PRIVATE BANKS GAIN -- Hong Kong Wen-hui Pao, 18 Jul 50

Peiping, 17 July (Hsin-hua) -- Private monetary agencies, under national bank leadership, have been improving their management and setting up joint management facilities, with the result that business has been maintained and continuous progress has been made.

Private banking institutions in all areas were engaged in speculative transactions during the currency inflation; as a consequence, when commodity prices began to stabilize this year, the general financial confusion which ensued left many of them in dire straits. But most of these banks survived their difficulties, with the guidance of the national banks, and are progressing along the road to service in the cause of production.

Deposits in private banks today have increased and many banks even show a surplus. May 1950 figures for Shanghai private banks (including those under joint public and private management) reveal a 20.3-percent increase since April, while loans have risen 1.95 percent. Seventy percent of these loans have been invested in productive industry. The Tientsin private banks built up a two-thirds surplus in April. A rough estimate on the basis of private-bank ledgers for 17 June shows that, among 20 private banks in Tientsin, 16 had a surplus, averaging about 380 million yuan; among 54 money changing agencies, 42 showed a surplus, averaging 90 million yuan.

The primary factors contributing to the improvements in private banking include the influence of improved industrial and economical conditions, cooperation between management and employees, determined efforts to develop business, and reduction of expenses.

Private banking institutions in various areas have gone together to form joint lending agencies, for the primary purpose of aiding in the development of industry. Participating private banks may deposit some of their deposited funds in the national banks so as to reduce their burden of interest payments.

As of the first 10 days in June, joint lending agencies had been organized in Shanghai, Tientsin, Hankow, Peiping, Nanking, Tsinan, Tsingtao, Nan-ch'ang, Hangchow, Wu-hsi, and Soochow. Participation in joint lending activities has brought greater confidence in private banks: in the week between 4 and 10 June,

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deposits in 18 private Tientsin banks participating in the Joint Credit Association (lien-ho hsin-yung lie-hui) rose from 11,700,000,000 yuan to a total of 13,900,000,000 yuan. Deposits in nonparticipating banks dropped 50 million yuan during the same period.

Many private banks have collapsed, however, despite positive assistance from the national banks. Between the end of January and the end of June, 50 such banks in Tientsin and 25 in Peiping closed. As many as 101 private banking establishments in Shanghai closed between 6 February and 16 June 1950.

EXPLAINS USE OF NORTHEAST CURRENCY -- Hong Kong Wen-hui Pao, 21 Jul 50

The Wen-hui Pao editor, in response to a query from a reader on why people's notes are still not used in the Northeast, quotes Nan Han-ch'ien, director of the People's Bank of China, who made the following statement in November 1949:

The currency of Northeast China still differs from that used in China proper because the responsibilities imposed on the Northeast are likewise different. The Northeast, Central and South China regional districts have been concerned primarily with supporting the front lines, and have had to bear the burden of resulting inflation. In Northeast China, however, the responsibilities rather centered around an all-out rehabilitation of industrial production. This function was more important, with respect to the whole national picture, than supporting the front lines and dealing with inflation. If Northeast currency were not independent, the rehabilitation of Northeast industry would be undermined by the instability of commodity prices.

PEOPLE'S BANK EXPANDS RAPIDLY IN SOUTHWEST -- New York Hua-ch'iao Jih-pao, 1 Aug 50

Chungking, 18 July (Hsin-hua) -- The People's Bank has made great strides in expanding its business in the Southwest. The first meeting of branch managers in the Southwest was convened in March to study the absorption of deposits, exchange business, control of foreign exchange loans, and the carrying out of the centralized capital program. Based on decisions of the conference, considerable advances have been made in the expansion of business. Gains of 30 to 100 percent over the goals set by the central office have been made on the various items mentioned above.

By the end of May seven branch banks had been established, the Chungking, South Szechwan, Chengtu, North Szechwan, Kweichow, Yunnan, and Sikang. Thirty-six Special Administrative District business offices, 183 hsien branches, 35 other business offices, 25 branch business offices, and 13 agencies have also been established.

In keeping with the expansion of facilities, business has also grown. Deposits at the end of May 1950 were 388 percent greater than at the end of March, exceeding the goals set at the managers' conference by 55 percent, and exceeding the target set by the central office for the whole year by 40 percent. Chungking was at the top of the list with a gain of 362 percent over the central office target. The great increase in deposits indicates that the bank already has control of a great amount of the public's fluid capital and is putting it to productive uses. Remittances for May exceeded those for March by 366 percent, a 30-percent gain over the central office's target. During March these remittances were confined to Shanghai, Canton, and Hankow. During March remittances expanded to Kamsu, Sian, Honan, and important cities of the Northeast.

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The bank's control of foreign exchange increased from March to May by 366 percent as indicated by the amount of gold and foreign currency handled. This gain was about 100 percent above the target set by the central office for the entire year.

Expansion has also occurred in the matter of control of current capital; 727 businesses, official organs, military units, and schools had turned in their current assets. The business of book account transfers of capital has also had a corresponding growth. The field of circulation of people's notes is rapidly expanding.

CANTON PEOPLE'S BANK ADJUSTS RATES -- Canton Nan-fang Jih-pao, 18 Jul 50

The Canton Branch of the People's Bank of China has readjusted interest rates on all types of loans and deposits, in accordance with instructions from the regional office. Rates on parity deposits are not affected by the changes. The new rate schedule, to go into effect 20 July 1950, is as follows:

<u>Account</u>	<u>Cooperatives and Private Enterprises</u>	<u>Organizations, Agencies, and Public Enterprises</u>	<u>Period</u>
(P e r c e n t)			
Current deposits	0.6	0.3	Mo
Time deposits	1.4	1.0	"
Time deposits	2.1	1.7	Over 6 mo
Current savings	0.7		Mo
Short-term preferred savings	0.9		5 d
Short-term preferred savings	1.3		15 d
Current reserve deposits of private finance agencies	0.6		Mo
Time reserve deposits of private finance agencies	1.4		Mo
	<u>Exporters and Private Industry</u>	<u>Organizations Agencies, and Public Enterprises</u>	<u>Period</u>
Interest on loans	2.4	2.0	Mo
Interest on loans	3.0	2.4	3 mo
Interest on loans	4.0	3.0	6 mo

KWANGSI PROVINCE IMPROVES FINANCIAL CONDITION -- Canton Nan-fang Jih-pao, 20 Jul 50

Hankow -- The record achieved by Kwangsi Province this year in adjustment of its finances has been so outstanding that the central government has publicized the figures through the country as an example for emulation. The provincial authorities were able to save 22,230,000 catties of grain out of the estimated expenditures allowed in the preliminary budget provided by the Central and South China Finance and Economics Committee. At the same time, income was increased. The province is thus relieved of its former financial difficulties.

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This accomplishment is the more remarkable in view of the fact that liberation of Kwangsi was late and the government not yet well established. Heretofore the tax collection situation has been very confused and the accounts were so chaotic that reports could not be rendered. Officials on the lower levels were very corrupt and speculation of the tax funds was universal. Protection and transport of grain were very difficult.

CANTON REGULATES OVERSEAS REMITTANCES, EXCHANGE PAYMENTS -- New York Hua-ch'iao Jih-pao, 10 Aug 50

Canton -- The Bank of China in Canton convened a conference of officials of the appointed exchange banks to discuss foreign exchange matters. The result of the meetings was a decision that beginning 1 August 1950 new rules would apply as follows:

1. All Hong Kong branches of the appointed banks should open deposit accounts with the Bank of China or the Nanyang Commercial Bank in Hong Kong. The daily receipts of foreign exchange and overseas Chinese exchange should be deposited in these accounts. No day's receipts should be deposited later than noon of the second day.

After the appointed exchange banks in Canton have effected the transfer of their deposits, their daily receipts in Canton shall be remitted to their accounts in the Bank of China or the Nanyang Commercial Bank in Hong Kong by check and not by bullion or currency remittances.

2. The appointed bank's deposit balance shall not fall below the amount in the original deposit.

3. If the remittance time is outside the validity of the certificate, the appointed bank may open a two-way account and transfer funds from this account for payment.

NEW OVERSEAS BOND PURCHASE EXCHANGE RATES SET -- New York Hua-ch'iao Jih-pao, 4 Aug 50

Peiping, 25 July 1950 -- The Central People's Bank has posted the following revised foreign exchange rates for purchase of victory bonds by overseas Chinese:

<u>Currency</u>	<u>Rate (people's notes)</u>
US dollar	35,000
Hong Kong dollar	5,690
British pound	91,440
Australian pound	71,580
Indian rupee	6,830
Pakistan rupee	9,790
Burmese rupee	5,690
Singapore dollar	10,070
Swiss franc	7,510
Canadian dollar	30,130
Philippines peso	12,150
Siamese baht	1,560

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